

Message Text

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ACTION EUR-12

INFO OCT-01 AF-10 NEA-10 ISO-00 CIAE-00 PM-05 INR-10
L-03 ACDA-12 NSAE-00 PA-01 SS-15 SP-02 USIA-06
TRSE-00 NSC-05 DODE-00 ARA-10 EB-08 COME-00 /110 W
-----034717 251538Z /45

R 241631Z FEB 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 837
INFO AMEMBASSY JIDDA
AMEMBASSY MOGADISCIO
USDOCOSOUTH
USMISSION USNATO

C O N F I D E N T I A L ROME 3528

USDOCOSOUTH FOR INTAF

E.O. 11652: GDS
TAGS: PARM, IT
SUBJECT: ITALIAN ARMS EXPORT POLICY

1. THE MFA'S ARMS EXPORT CONTROLLER ATTOLICO ASKED P/M COUNSELOR TO MEET WITH HIM FEBRUARY 24 TO "DISCUSS AN IMPORTANT MATTER." THE MATTER WAS THE QUESTION OF SALES TO THIRD COUNTRIES OF MILITARY EQUIPMENT PRODUCED UNDER U.S. LICENSE IN ITALY. ON THE OCCASION ATTOLICO DELIVERED TWO NEW REQUESTS FOR SALES TO INDONESIA AND THAILAND (SEPTTEL).

2. ATTOLICO'S PLEA (NOT UNEXPECTEDLY) WAS FOR GREATER FLEXIBILITY IN U.S. POLICY TOWARD THIRD COUNTRY SALES OF LICENSED ITALIAN EQUIPMENT. THE FEELING IN THE MFA HE SAID WAS THAT THE U.S. WAS BEING DELIBERATELY AND REPEATEDLY OBSTRUCTIVE--OFTEN FOR ENTIRELY COMMERCIAL REASONS--TO THE DETRIMENT OF AILING ITALIAN INDUSTRY. THE P/M COUNSELOR EXPLAINED U.S. POLICY IN THIS REGARD
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IN GENERAL TERMS, STRESSING THE INABILITY OF THE U.S. TO APPROVE SALES TO COUNTRIES TO WHICH WE WOULD NOT OURSELVES TRANSFER ARMS. ATTOLICO REPLIED THAT IN THE LIBYAN INSTANCE HE AND MOST OF HIS MFA COLLEAGUES COULD UNDERSTAND THE U.S. POSITION. HOWEVER, IN OTHER CASES (BANGLADESH AND LATIN AMERICA, FOR EXAMPLE) THE JUSTIFICATION FOR RAISING IMPEDIMENTS TO ITALIAN SALES

WAS MORE DIFFICULT TO ACCEPT. THE POLICY AGAINST INTRODUCING SOPHISTICATED WEAPONRY, SUCH AS HIGH PERFORMANCE AIRCRAFT, INTO COUNTRIES OF LATIN AMERICA WAS SELF-DEFEATING, AND PENALIZED ITALY TO THE BENEFIT OF FRANCE. IN ADDITION, THAT POLICY PENALIZED THOSE COUNTRIES OF LATIN AMERICA WHO WERE STILL CLOSELY AFFILIATED WITH THE U.S. AND CHOSE NOT TO SEEK ARMAMENTS ELSEWHERE.

3. THE P/M COUNSELOR, REFERRING TO PRESIDENT CARTER'S POLICY OF REDUCING CONVENTIONAL ARMS TRANSFERS FROM THE UNITED STATES AND HIS HOPE THAT OTHER COUNTRIES WOULD FOLLOW SUIT, ASKED WHAT ITALY'S PRESENT POLICY ON ARMS EXPORTS WAS. ATTOLICO ASSERTED THAT OVER THE PAST YEAR OR SO HE HAD EFFECTED RESTRICTIONS IN A POLICY THAT HAD ADMITTEDLY BEEN EXTRAORDINARILY LOOSELY APPLIED. IN THE PAST, HE WAS AWARE, EXPORT LICENSES HAD BEEN ISSUED FOR SHIPMENTS OF EQUIPMENT THAT TURNED OUT TO BE QUITE DIFFERENT FROM THAT FOR WHICH APPLICATION HAD BEEN MADE. MOREOVER, IN THE PAST, DIVERSIONS FROM ANNOUNCED DESTINATIONS WAS COMMON--THOUGH, HE ADMITTED, THERE IS STILL NO WAY IN WHICH THE MFA CAN EFFECTIVELY CONTROL THAT ASPECT OF ARMS TRANSFERS.

4. ATTOLICO ASSERTED THA ITALY HAS A TOTAL EMBARGO ON ARMS TRANSFERS TO ONLY THREE COUNTRIES; SOUTH
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AFRICA, RHODESIA AND CHILE. IN ADDITION ITALY IS SOMEWHAT CIRCUMSPECT ABOUT SHIPMENTS TO SOME OTHER COUNTRIES. TO THE EXTENT THAT THERE ARE BROADER CONSTRAINTS, HE SAID, THEY ARE OWING TO THE BURGEONING INTEREST OF THE PARLIAMENT. THE CHAIRMAN OF THE DEFENSE COMMITTEE OF THE HOUSE OF DEPUTIES, SOCIALIST (AND FORMER NAVAL OFFICER) FALCO ACCAME IS STRONGLY OPPOSED TO ARMS SALES GENERALLY. ITALY'S BEST CUSTOMER IN THE IMMEDIATE AREA IS LIBYA. SALES TO OTHER ARAB COUNTRIES ARE MODEST; SALES TO ISRAEL ARE SMALL AND ALMOST ENTIRELY IN ELECTRONIC EQUIPMENT.

5. ASKED ABOUT REPORTS ABOUT SALES TO SOMALIA, ATTOLICO CONFIRMED THAT, IN ADDITION TO SOME VEHICLES AND ABOUT 5000 RIFLES SUPPLIED TO THE SOMALI POLICE, THE MFA HAD APPROVED EXPORT BY FIAT OF TWO KINDS OF TRUCKS. ONE LISTED IN THE FIAT CATALOGUE AS A "WRECKER" AND THE OTHER AS AN ARTILLERY MOVER. FIAT HAD REQUESTED APPROVAL TO SELL \$100 MILLION WORTH OF THE FIAT/OTO-MELARA 6614 ARMORED PERSONNEL CARRIER AND THE 6616 ARMORED CAR. THAT REQUEST HAD BEEN REFUSED. HOWEVER, ATTOLICO

CONFIDED, FIAT WAS DISCUSSING THE SALE OF THE SAME
EQUIPMENT TO SAUDI ARABIA (WHICH WOULD HAVE FINANCED
THE SALE TO SOMALIA) AND THE MFA WOULD LIKELY APPROVE
THE TRANSACTION. HE ADMITTED THAT THE SHIPMENT WOULD
LIKELY END UP IN MOGADISCIO. IN ANY EVENT, HE GUESSED
THAT DELIVERY COULD NOT BE MADE BEFORE THE
END OF THE YEAR, WHEN, HE THOUGHT, IT WAS ENTIRELY
POSSIBLE THERE WOULD BE "DIFFERENT PEOPLE IN
MOGADISCIO TO RECEIVE THEM."GARDNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ARMS, EXPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ROME03528
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780088-0268
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780216/aaaaandm.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 59bf38d0-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3485415
Secure: OPEN
Status: NATIVE
Subject: ITALIAN ARMS EXPORT POLICY
TAGS: PARM, IT
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/59bf38d0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014